



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

June 19, 2018

Board of Governors
Citizens Property Insurance Corporation

Via email

Dear Members of the Board of Governors:

I urge you to reconsider the Board of Governors vote scheduled for tomorrow, June 20, to increase rates for Citizens Property Insurance Corporation policyholders in Florida. This increase, which is up to nearly 10 percent in some areas, also comes on the heels of a devastating 2017 Hurricane Season.

Citizens has cited that “skyrocketing nonweather water losses” in Miami-Dade, Broward, and Palm Beach Counties are the driver behind this increase. Assignment of benefits (AOB) fraud and excessive litigation is the contributing factor in “nonweather water losses.” In fact, it’s noted that “nonweather water loss claims submitted with an AOB cost on average of three times more than claims without an AOB and are more frequently litigated.” Your analysis clearly states that the cause of the rate increase is because AOB reforms have not been complete, which means rising fraud and litigation drive up costs at Citizens.

We must find the solution to the underlying problem and not pass on this cost to policyholders. Considering the Office of Insurance Regulation recently approved policy changes for Citizens that would help mitigate water losses, we should allow time to review the impacts of that change. Shifting the burden to the policyholder is not the solution. I’m committed to working with stakeholders from now until the next Citizens Board of Governors meeting in September to come up with better solutions to address the true cause of this to avoid rate increases and protect policyholders.

I understand you are bound by law to ensure rates remain actuarially sound. However, I will remind you of your fiduciary duty to the policyholder, and ask that your focus remains on addressing the AOB epidemic that has put all of Florida at risk.

Sincerely,

A handwritten signature in blue ink that reads "Jimmy Patronis".

Jimmy Patronis
Chief Financial Officer